## Message Text

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PAGE 01 BRUSSE 05905 101002Z ACTION EUR-12

INFO OCT-01 IO-14 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07 FRB-01 INR-07 NSAE-00 EPG-02 SP-02 STR-04 TRSE-00 LAB-04 SIL-01 OMB-01 AGRE-00 /062 W

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R 091739Z JUN 77 FM AMEMBASSY BRUSSELS TO SECSTATE WASHDC 0184 INFO ALL EC CAPITALS AMEMBASSY PARIS USMISSION GENEVA

**UNCLAS BRUSSELS 05905** 

CORRECTED COPY ADD LINE 13 & 14 PARA 2

USEEC

PASS AGRICULTURE ELECTRONICALLY GENEVA ALSO FOR USMTN PARIS ALSO FOR USOECD

E.O. 11652: N/A TAGS: EAGR, EEC SUBJ: EC PORK SECTOR

REF: (A) EC BRUSSELS 5394, (B) LONDON 8671

1. BEGIN SUMMARY: THE COMMISSION WILL ABOLISH ACA'S ON PORK AS A WAY TO HELP UK OUT OF ITS DIFFICULTIES. IT WILL ALSO INCREASE PRIVATE STORAGE SUBSIDIES AND EXPORT SUBSIDIES TO DESTINATIONS OTHER THAN THE UNITED STATES. THE COMMISSION HAS OPENED UP ARTICLE 93 PROCEEDINGS AGAINST FRANCE REGARDING INTEREST-FREE LOANS ACCORDED TO A PIG PRODUCERS' FUND. END SUMMARY.

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2. A COMMISSION SOURCE HAS TOLD US THAT IN RESPONSE TO THE UK REQUEST UNDER ARTICLE 135 OF THE ACCESSION TREATY FOR SPECIAL MEASURES TO ALLEVIATE PROBLEMS IN THE PORK SECTOR THE COMMISSION WILL ABOLISH THE ACCESSION COMPENSATORY AMOUNTS APPLICABLE ON PORK. THIS MEASURE ALONG WITH INCREASED EXPORT SUBSIDIES AND EXPANDED PRIVATE STORAGE SUBSIDIES WILL BE DISCUSSED

IN THE MANAGEMENT COMMITTEE MEETING JUNE 10. THE COMMISSION RECENTLY EXPANDED THE PPRIVATE STORAGE SUBSIDARY SCEME FOR PORK TO INCLUDE BONED AND DRIED HAMS (SEE REGULATION NO, 1190/77 IN OFFICIAL JOURNAL NO. L 138 OF JUNE 4, 19770.. THE COMMISSION IS PROPOSING TO ADD MIDDLES AND LOINS WITH FAT TO THE LIST OF PRODUCTS ELIGIBLE FOR STORAGE SUBSIDY. OUR COMMISSION CONTACT ASSURED US THAT THE EC WOULD NOT INCREASE EXPORT SUBSIDIES ON CANNED HAMS AND SHOULDERS TO THE UNITED STATES. THE UK WILL UNDOUBTEDLY STILL PRESS FOR ADJUSTMENTS IN CALCULATING MONETARY COMPENSATORY AMOUNTS FOR PORK.

3. ON ANOTHER FRONT, THE COMMISSION HAS ANNOUNCED THAT IT HAS OPENED UP ROME TREATY ARTICLE 93:2 PROCEEDINGS AGAINST FRANCE. AT ISSUE IS THE FRENCH INTERVENTIO AGENCY'S GRANT OF INTEREST-FREE LOANS TO AN EQUALIZATION FUND USED TO SUPPORT MEMBER PIG PRODUCERS' REVENUES. THE COMMISSION FEELS THAT GRANTING LOANS FREE OF CHARGE MAY CONSTITUTE AN ILLEGAL SUBSIDY. IT IS THE INTEREST-FREE ASPECT THAT DISTURBS THE COMMISSION RATHER THAN THE LOANS PER SE. THE GOF AND OTHER MEMBER STATES HAVE TWO WEEKS TO GIVE THEIR VIEWS ON THE MATTER TO THE COMMISSION. HINTON

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## Message Attributes

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